

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):
October 14, 2003
USANA HEALTH SCIENCES, INC.

(Exact name of registrant as specified in its charter)

Commission File No. 0-21116

Utah

87-0500306

(State or other jurisdiction of
incorporation)

(IRS Employer Identification
Number)

3838 West Parkway Boulevard
Salt Lake City, Utah 84120

(Address of principal executive offices, Zip Code)

Registrant's telephone number, including area code: (801) 954-7100

Former name or former address, if changed since last report: Not Applicable

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(c) Exhibits

99.1 Press release issued by USANA Health Sciences, Inc. dated October 14, 2003

99.2 Transcript from the conference call held by USANA Health Sciences, Inc. on October 15, 2003

Item 12. Results of Operations and Financial Condition

On October 14, 2003, USANA Health Sciences, Inc. issued a press release announcing its financial results for the third quarter ended September 27, 2003 and that its Board of Directors declared a forward stock split. On October 15, 2003, USANA Health Sciences, Inc. held a conference call to discuss its financial results with institutional investors for the third quarter ended September 27, 2003. Copies of the press release and the conference call transcript are furnished herewith as Exhibit 99.1 and Exhibit 99.2, respectively, to this Form 8-K and are incorporated herein by reference. The company will also post these documents on its corporate website, www.usanahealthsciences.com, under the "investor relations" link.

The information in this Current Report is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended. The furnishing of the information in this Current Report is

not intended to, and does not, constitute a representation that such furnishing is required by Regulation FD or that the information this Current Report contains is material investor information that is not otherwise publicly available.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

USANA HEALTH SCIENCES, INC.

By: /s/ Gilbert A. Fuller

Gilbert A. Fuller, Chief Financial Officer

Date: October 16, 2003

USANA Reports Record Sales and Earnings;
Board Approves Two-for-One Stock Split

SALT LAKE CITY--(BUSINESS WIRE)--Oct. 14, 2003--USANA Health Sciences Inc. (NASDAQ: USNA) today announced record financial results for the fiscal third quarter and nine months ended Sept. 27, 2003. The company also announced that its board of directors has declared a forward stock split.

Net sales for the quarter ended Sept. 27, 2003, were \$52.5 million, representing an increase of 51% over the \$34.8 million reported in the third quarter last year. Sales were affected positively in the third quarter due to continued growth in the number of active customers, the opening of the South Korea market and a positive impact from stronger foreign currencies of about \$2.7 million compared to the third quarter of 2002, accounting for 8% of the growth. Net earnings for the third quarter were \$6.1 million, reflecting an increase of 158% over the \$2.3 million in net earnings reported in the prior year's third quarter. Earnings per share for the third quarter increased to \$0.57 per share, from \$0.22 per share in the third quarter of 2002. The increase includes \$0.04 per share from a re-estimate of the company's effective tax rate for fiscal year 2003 and \$0.02 per share resulting from foreign currency gains.

Net sales during the nine months ended Sept. 27, 2003, were \$140.5 million, reflecting an increase of 47% compared to \$95.5 million for the comparable period of 2002. Net earnings for the first nine months of 2003 were \$14 million, up 169% from the \$5.2 million in net earnings reported in the comparable period last year. Earnings per share for the nine-month period were \$1.31 per share, compared to \$0.50 per share for the same period last year.

USANA President Dave Wentz said, "The third quarter results are a real tribute to the hardworking Associates and employees who make it happen. Our most mature markets continue to perform remarkably well over prior year results, with sales for the third quarter up 31% in North America and 67% in Australia/New Zealand. We are also pleased with our results in South Korea, our newest market. We have planned a grand opening celebration in South Korea later this month, which we expect will help further the momentum generated during the market launch. Our focus for the future will continue to be directed toward recruiting and retaining Associate leaders in our existing markets, as well as developing Singapore and Mexico for future regional and international growth."

The company also announced that its board of directors has approved a two-for-one stock split of its common stock. The stock split will be effected by means of a stock dividend, with one share of USANA common stock to be issued to stockholders of record for every one share of common stock owned. The dividend distribution will double the number of outstanding shares to approximately 19,050,000. The action taken by the board will not affect the number of authorized shares of the company or the par value of the common stock. The company had 9,523,287 shares of common stock outstanding as of Oct. 14, 2003. Dividend shares will be distributed on or about Oct. 30, 2003, to stockholders of record as of Oct. 24, 2003. Wentz commented, "We are pleased to provide an opportunity for more investors to get involved with USANA's growth, while enhancing the liquidity of our shares. Today's announcement is another demonstration of our ongoing commitment to shareholders and our confidence in the long-term growth of USANA."

Commenting on the outlook for the fourth quarter and fiscal 2004, Gilbert A. Fuller, chief financial officer, said, "Based on the third quarter operating results, we have increased our guidance for the fourth quarter of 2003. We now expect net sales will approach \$57 million, with earnings per share in the range of \$0.57 to \$0.59 (pre-stock split basis), depending upon the level of spending associated with the opening of operations in Singapore and Mexico. As we look forward to 2004, we anticipate net sales will be in the range of \$240 to \$250 million and earnings per share will range between \$2.45 and \$2.55 (pre-stock split basis) for the year."

USANA executives will hold a conference call to discuss this

announcement and review key line items on the statement of earnings with investors on Oct. 15, 2003, at 9 a.m. EDT. Investors may listen to the call by accessing USANA's Web site at <http://www.usanahealthsciences.com> and by clicking on the "Investors" icon.

USANA develops and manufactures high-quality nutritionals, personal care, and weight management products that are sold directly to Preferred Customers and Associates throughout the United States, Canada, Australia, New Zealand, Hong Kong, Japan, Taiwan, South Korea and the United Kingdom. More information on USANA can be found at <http://www.usanahealthsciences.com>.

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. Actual results could differ materially from those projected in the forward-looking statements, which involve a number of risks and uncertainties, including reliance upon the company's independent Associate network, government regulation of products, manufacturing and marketing, changes in the effective tax rate, the possible continued spread of severe acute respiratory syndrome (SARS) in Asia, and risks associated with international expansion. Those statements include: 1) the expectation that "a grand opening celebration in South Korea later this month ... will help further the momentum generated during the market launch," 2) the statement that, "Our focus for the future will continue to be directed toward recruiting and retaining Associate leaders in our existing markets, as well as developing Singapore and Mexico for future regional and international growth," 3) the statement that, "We now expect net sales will approach \$57 million, with earnings per share in the range of \$0.57 to \$0.59 (pre-stock split basis), depending upon the level of spending associated with the opening of operations in Singapore and Mexico" and 4) that statement, "As we look forward to 2004, we anticipate net sales will be in the range of \$240 to \$250 million and earnings per share will range between \$2.45 and \$2.55 (pre-stock split basis) for the year." The contents of this release should be considered in conjunction with the warnings and cautionary statements contained in USANA's most recent filings with the Securities and Exchange Commission on Forms 10-K and 10-Q.

USANA Health Sciences Inc.
Consolidated Statements of Earnings
(in thousands, except per share data)

	Quarter Ended		Nine Months Ended	
	28-Sep-02	27-Sep-03	28-Sep-02	27-Sep-03
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net sales	\$34,787	\$52,506	\$95,477	\$140,527
Cost of sales	8,430	11,364	24,500	31,001
Gross profit	26,357	41,142	70,977	109,526
Operating expenses				
Associate incentives	13,429	20,332	36,364	55,091
Selling, general and administrative	9,099	11,926	25,714	32,072
Research and development	260	379	699	1,086
Earnings from operations	3,569	8,505	8,200	21,277
Other income (expense)	(141)	525	(203)	331
Earnings before income taxes	3,428	9,030	7,997	21,608
Income taxes	1,085	2,974	2,799	7,628

NET EARNINGS	\$2,343	\$6,056	\$5,198	\$13,980
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Earnings per share - diluted	\$0.22	\$0.57	\$0.50	\$1.31
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Weighted average shares outstanding - diluted	10,608	10,692	10,306	10,647
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USANA Health Sciences Inc.
Consolidated Balance Sheets
(in thousands)

As of 28-Dec-02 As of 27-Sep-03

(Unaudited)

ASSETS

Cash and cash equivalents	\$6,686	\$10,335
Inventories	9,119	13,042
Other current assets	3,102	3,543
Total current assets	18,907	26,920
Property and equipment, net	18,405	19,591
Goodwill	-	4,260
Other assets	1,801	2,342
Total assets	\$39,113	\$53,113

LIABILITIES AND STOCKHOLDERS' EQUITY

Current maturities of long-term debt	\$3,428	\$ -
Capital lease obligations, current	17	-
Accounts payable	2,666	5,045
Other current liabilities	8,655	15,455
Line of credit	2,913	-
Total current liabilities	17,679	20,500
Long-term debt, less current maturities	2,572	-
Other long-term liabilities	769	685
Stockholders' equity	18,093	31,928
Total liabilities and stockholders' equity	\$39,113	\$53,113

USANA Health Sciences Inc.
Sales by Market
(in thousands)

Quarter Ended

28-Sep-02 27-Sep-03

(Unaudited) (Unaudited)

Region				
United States(a)	\$18,485	53.1%	\$23,444	44.7%
Canada	7,706	22.2%	10,770	20.5%
Australia-New Zealand	4,809	13.8%	8,023	15.3%
Hong Kong	2,268	6.5%	2,285	4.4%
Japan	1,519	4.4%	1,750	3.3%

Taiwan	-	0.0%	3,507	6.7%
Korea	-	0.0%	2,071	3.9%
Wasatch	-	0.0%	656	1.2%

			\$34,787	100.0%	\$52,506	100.0%
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Active Associates by Market(b)

As of

	28-Sep-02		27-Sep-03
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	(Unaudited)		(Unaudited)
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Region				
United States(a)	28,000	44.4%	33,000	37.9%
Canada	16,000	25.4%	19,000	21.8%
Australia-New Zealand	11,000	17.5%	14,000	16.1%
Hong Kong	6,000	9.5%	4,000	4.6%
Japan	2,000	3.2%	3,000	3.4%
Taiwan	-	0.0%	9,000	10.3%
Korea	-	0.0%	5,000	5.7%
	63,000	100.0%	87,000	100.0%

Active Preferred Customers by Market(b)

As of

	28-Sep-02		27-Sep-03
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	(Unaudited)		(Unaudited)
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Region				
United States(a)	26,000	60.5%	30,000	61.2%
Canada	12,000	27.9%	14,000	28.6%
Australia-New Zealand	4,000	9.3%	4,000	8.2%
Hong Kong	1,000	2.3%	1,000	2.0%
Japan	(c) 0.0%		(c) 0.0%	
Taiwan	-	0.0%	(c) 0.0%	
Korea	-	0.0%	(c)	
	43,000	100.0%	49,000	100.0%

(a) For comparability purposes, UK operations and our direct export program to Japan have been included with the U.S. figures.

(b) Effective with our Form 10-K filed on March 27, 2003, we changed the methodology of how we report the number of customers who have purchased product from USANA. We now count as active customers those Associates and Preferred Customers who have made a purchase in the most recent three-month period.

(c) Count of Active Preferred Customers is less than 500.

CONTACT: USANA Health Sciences Inc., Salt Lake City
Riley Timmer, 801-954-7100
investor.relations@us.usana.com

Riley Timmer:

Good Morning, and thank you for joining us this morning.

Today's conference call is also available live via webcast and can be accessed directly from our web site at www.usanahealthsciences.com. Shortly after the call a replay will be available for approximately 90 days.

The purpose of today's conference call is to discuss financial results for the third quarter of 2003. Before we begin, as a reminder, during the course of this conference call, management will make forward-looking statements regarding future events or the future financial performance of the company. Those statements involve risks and uncertainties that could cause actual results to differ, perhaps materially from the results projected in such forward-looking statements. We caution you that these statements should be considered in conjunction with the disclosures, including specific risk factors and financial data contained in the company's most recent filings with the SEC, including its most recent annual report on form 10K. I will now turn the call over to Gilbert A. Fuller, Chief Financial Officer of USANA.

Gil Fuller:

Good morning everyone and thank you for joining us to review USANA's third quarter results. I am without our President this morning; Dave Wentz is in South Korea participating in that market's grand opening events. We are excited about our progress and potential there.

Yesterday USANA reported:

Record sales for the fifth consecutive quarter Record Net earnings for the 4th consecutive quarter, and Record earnings per share for the fourth consecutive quarter.

In order to make this meaningful, I'll break down the results line by line.

Net sales for the third quarter of 2003, were 52.5 million dollars, an increase of 50.9 percent, compared to the 34.8 million dollars reported in the third quarter of 2002. Sales were also up 11.3 percent on a consecutive basis, over the second quarter of 2003. The year-over-year growth in net sales is due to the increasing number of active customers, sales in Taiwan, which did not open until the fourth quarter of 2002, the recent opening of the South Korean market, and added sales from Wasatch Product Development, which was acquired early in the third quarter of 2003.

Sales in the third quarter were also impacted by stronger foreign currencies relative to the US dollar, which positively impacted sales this quarter by approximately 2.7 million dollars, compared to the third quarter of 2002. Excluding the positive impact from a weaker dollar, year-over-year sales growth would have been about 43 percent.

Cost of sales this quarter decreased as a percentage of net sales to 21.6 percent, compared to 24.2 percent in the third quarter of 2002. Our gross margins improved during the quarter due to a change in sales mix of products with higher gross profit margins, strong foreign currencies and improved economies of scale associated with an increasing sales base. We expect to see cost of sales, as a percentage of net sales, remain about consistent in the fourth quarter of 2003.

Associate incentive expense for the third quarter was 38.7 percent of net sales. This is an increase of 10 basis points compared to the third quarter of 2002.

Prior guidance suggested Associate incentives for this quarter would be modestly higher than last quarter's 39.6 percent of net sales. Lower Associate incentives relative to past guidance can be attributed to:

Third party revenue from Wasatch Product Development on which no commissions are paid, and An increased amount of revenue coming from the sale of non-commissionable products such as sales aids and logo merchandise at our annual convention.

Excluding the revenue from Wasatch, Associate incentives would have been 39.2 percent for the third quarter. During the fourth quarter we will be running two separate promotions to motivate our Associates; we believe that these promotions will increase Associate incentive expense to approximately 40% of net sales for

the upcoming quarter. More importantly, we believe these promotions and specials will help in furthering top-line growth. USANA remains committed to providing our Associates with what we believe to be the most fair and equitable compensation plan available in the industry.

Selling, General and Administrative spending decreased, relative to net sales, to 22.7 percent during the third quarter of 2003 compared to 26.2 percent in the prior year quarter. The year-over-year improvement can be attributed to operating leverage gained on increasing sales and the leverage gained off the physical and information technology infrastructure investments made over the last couple of years. On a consecutive quarter basis SG & A was up 30 basis points. This increase was due to the spending associated with the July opening of the South Korean Market as well as the pre market launch and implementation costs associated with the planned fourth quarter opening of Singapore and the first quarter opening of Mexico. We expect to see improvements to SG&A spending, as a percentage of sales, in the fourth quarter as we continue to leverage our growing sales base.

As a result of these line items, we saw operating income for the third quarter of 2003 increase to 16.2 percent of sales as compared with 10.3 percent achieved during the third quarter of 2002.

Let's now look at the bottom line for a moment. EPS for the third quarter was 57 cents per share, compared to 22 cents in the third quarter of 2002. As was mentioned in the press release, four cents of EPS can be attributed to a re-estimate of the company's effective tax rate for fiscal year 2003, bringing the tax rate to 32.9 percent for the quarter. EPS was also positively impacted by two cents due to foreign currency benefits. Without the adjustment to the tax rate and foreign currency benefits, earnings per share would have been 51 cents, which is an increase of nearly 132 percent compared to the third quarter of 2002. Although we expect the tax rate for the fourth quarter of 2003 to be about 35 percent, tax strategies currently being implemented may lower the effective tax rate for fiscal 2003.

Our balance sheet remains very solid. Our strong cash flow has allowed us to finance our international expansion with cash, keeping our balance sheet free from any bank debt.

I'll now comment on some recent operating activities.

In September we held our annual international convention in Salt Lake City. This was the largest Associate attended event ever held by USANA, with over six thousand Associates in attendance. We were pleased with the excitement and enthusiasm that was present at this year's convention.

South Korea opened its doors the second week in July and we are seeing a brisk business. We are pleased with the 2.1 million dollars of sales achieved in its first quarter of operations and are confident that this market will grow to be a significant market for USANA. As I mentioned at the beginning of the call, we will be holding a grand opening event this month in Seoul where we anticipate there will be a strong Associate turn-out.

We just finished another very strong quarter in Australia and New Zealand. This quarter we achieved year-over-year growth in those markets of nearly 67 percent. In January of this year we increased the amount of commissions paid to Associates in Australia and New Zealand with no associated price increase. We believe this has been one of the key reasons we have seen such tremendous growth in those markets.

Hong Kong continues to perform well for us. We have built a solid Associate base in that market and are pleased with the strong sales. Taiwan continues to progress nicely. This quarter saw an increase in sales of 6.7 percent compared to the second quarter of this year.

Japan continues to make modest progress. We are well aware of the great potential for network marketing in Japan and are confident there is a place for USANA to be a key contributor in that market.

Yesterday in our press release we announced that the board of directors has approved a two-for-one split of our common stock. We believe this will provide an opportunity for more retail and institutional investors to get involved with USANA's growth. By splitting the stock we hope to enhance liquidity. Principally, we intend for the split to serve as a signal of our confidence in

the continued growth of our business.

I will now review our forward-looking guidance for the fourth quarter of 2003 and provide initial guidance for the 2004 fiscal year.

Based on the third quarter operating results, we now believe that for the 14 week fourth quarter of 2003, net sales will be approximately 57 million dollars and earnings per share, on a pre split adjusted basis, will be in the range of 57 to 59 cents, depending upon the level of spending associated with the opening of the Singapore and Mexico markets. For fiscal year 2004 we expect net sales will be in the range of 240 to 250 million dollars and earnings per share, on a pre split adjusted basis, will range between two dollars and forty-five cents and two dollars and fifty-five cents for the year.

Currently, we are planning that Mexico will be the only new market we will open in 2004. Our focus for 2004 will be on growing our existing markets.